

**Joint Regional Economic Development
Committee**

Friday 29 April 2022 at 10.00am

AGENDA

Joint Regional Economic Development Committee Agenda

Meeting to be held remotely via zoom
on Friday 29 April 2022, commencing at 10.00am

Recommendations contained in the agenda are NOT decisions of the meeting. Please refer to minutes for resolutions.

MEMBERSHIP OF THE JOINT REGIONAL ECONOMIC DEVELOPMENT COMMITTEE

Chairperson, Councillor Justin Blaikie

Councillor Terry Archer

Councillor Anna Curnow

Councillor David Clendon

Councillor John Vujcich

Councillor Peter Wethey

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Opening Karakia – Whakataka te hau

Whakataka te hau ki te uru
Whakataka te hau ki te tonga
Kia mākinakīna ki uta
Kia mātaratara ki tai
E hī ake ana te atakura
He tīo, he huka, he hau hū
Tihei mauri ora!

Closing Karakia – Karakia Whakamutunga

Unuhia, unuhia
Unuhia ki te uru tapu nui
Kia wātea, kia māmā, te ngākau,
te tinana, te wairua i te ara tanagata
Koia rā e Rongo, whakairia ake ki runga
Kia tina! TINA! Hui e! TĀIKI E!

TITLE: Confirmation of Minutes - 11 March 2022

From: Emmanouela Galanou, Economic Policy Advisor and Darryl Jones, Economist

Authorised by Auriole Ruka, Pou Manawhakahaere - GM Governance and Engagement, on
Group Manager/s: 20 April 2022

Ngā mahi tūtohutia / Recommendation

That the minutes of the Joint Regional Economic Development Committee meeting held on 11 March 2022 be confirmed as a true and correct record.

Attachments/Ngā tapirihanga

Attachment 1: Joint Regional Economic Development Committee Minutes 11 March 2022 [↓](#) 

Joint Regional Economic Development Committee
11 March 2022

Joint Regional Economic Development Committee Minutes

Meeting held remotely
on Friday 11 March 2022, commencing at 10.00am

Tuhinga/Present:

Chairperson, Councillor Justin Blaikie
Councillor Anna Curnow (KDC) Deputy Chair
Councillor John Vujcich (FNDC)
Councillor Peter Wethey (KDC)

I Tae Mai/In Attendance:

Full Meeting

Nicole Anderson (NINC) Chair
Geoff Chopstick (NINC)
Vaughan Cooper (NINC)
Jason Marris (KDC)
Piripi Moore (NINC)
Jude Thompson (NINC)
Auriole Ruka GM of Governance and Engagement Group (NRC)
Darryl Jones Economist (NRC)
Emmanouela Galanou Economic Policy Advisor (NRC)
Briar Macken (FNDC)
Meloney Tupou Administration (NRC)

The Chair declared the meeting open at 10.20am.

Secretarial Note:

- *There was a delay in the starting time of the meeting as the Chair waited until the Joint Committee's members quorum requirements had been met.*
- *Due to the current Covid-19 restrictions and the meeting being conducted fully remotely, proceedings were livestreamed in order to be open to the public.*

Karakia Timatanga Justin Blaikie

Ngā whakapahā/Apologies (Item 1.0)

Councillor Terry Archer (NRC)

Joint Regional Economic Development Committee
11 March 2022

Confirmation of Minutes - 10 December 2021 (Item 4.1)

Report from Emmanouela Galanou, Economic Policy Advisor and Darryl Jones, Economist

Moved (Peter Wethey / Anna Curnow)

Ngā mahi tūtohutia / Recommendation

That the minutes of the Joint Regional Economic Development Committee meeting held on 10 December 2021 be confirmed as a true and correct record.

Carried

Receipt of Action Sheet (Item 5.1)

Report from Emmanouela Galanou, Economic Policy Advisor and Darryl Jones, Economist

Moved (Justin Blaikie / John Vujcich)

Nga mahi tutohutia / Recommendation

That the action sheet be received.

Carried

Secretarial Note:

- *The Joint Committee would like an update on the preparation process of the Economic Development Strategy at its meeting on 17 June 2022.*
- *The Joint Committee noted that there is interest at the council level to hear directly on the preparation of the regional economic development strategy.*

Northland Inc Limited Reporting Against Statement of Intent 2021-2024: Second Quarter 2021/2022 (Item 6.1)

Report from Emmanouela Galanou, Economic Policy Advisor; Darryl Jones, Economist and Simon Crabb, Finance Manager

Moved (Justin Blaikie / Peter Wethey)

Ngā mahi tūtohutia / Recommendation

That the report 'Northland Inc Limited Reporting Against Statement of Intent 2021-2024: Second Quarter 2021/2022' by Emmanouela Galanou, Economic Policy Advisor; Darryl Jones, Economist and Simon Crabb, Finance Manager and dated 22 February 2022, be received.

Carried

Secretarial Note:

- *Northland Inc to meet with the KDC representatives to provide more detail on the delivery of the Regional Business Programme in Kaipara.*
- *Northland Inc to investigate potential error on the financial reporting under "Total vehicles".*

Joint Regional Economic Development Committee
11 March 2022

Northland Inc Limited Statement of Intent 2022-2025: Draft received from Northland Inc (Item 6.2)

Report from Emmanouela Galanou, Economic Policy Advisor and Darryl Jones, Economist

Moved (Justin Blaikie / Anna Curnow)

Ngā mahi tūtohutia / Recommendation

That the report 'Northland Inc Limited Statement of Intent 2022-2025: Draft received from Northland Inc' by Emmanouela Galanou, Economic Policy Advisor and Darryl Jones, Economist and dated 3 March 2022, be received.

Carried

Secretarial Note:

- *In relation to the discussion on Renewable Energy Zones, Nicole Anderson asked that it be recorded that she is a director of Top Energy Limited.*

Annual Work Plan 2022/23 (Item 6.3)

Report from Emmanouela Galanou, Economic Policy Advisor and Darryl Jones, Economist

Recommendation(s)

1. That the report 'Annual Work Plan 2022/23' by Emmanouela Galanou, Economic Policy Advisor and Darryl Jones, Economist and dated 28 February 2022, be received.
2. That the Joint Regional Economic Development Committee agrees to the Annual Work Plan as set out in **Attachment 1** of this report.

Carried

Secretarial Note:

- *The Joint Committee would like to move the workshop discussion on the appointment of Northland Inc directors from September 2022 to December 2022.*
- *Introduction of new Joint Regional Economic Development Committee staff group member who is representing the Far North District Council, Briar. Apologies were made by Justin for not introducing her earlier.*

Whakamutunga (Conclusion)

The meeting concluded at 11.15am.

TITLE: **Receipt of Action Sheet**

From: Emmanouela Galanou, Economic Policy Advisor and Darryl Jones, Economist

Authorised by Auriole Ruka, Pou Manawhakahaere - GM Governance and Engagement, on
Group Manager/s: 20 April 2022

Whakarāpopototanga / Executive summary

The purpose of this report is to enable the meeting to receive the current action sheet.

Nga mahi tutohutia / Recommendation

That the action sheet be received.

Attachments/Ngā tapirihanga

Attachment 1: Action Sheet April 2022 [↓](#) 

Joint Regional Economic Development Committee - schedule of actions					
Meeting date	Item	JREDC Action	Responsible staff	Status	Notes
8-May-21 (meeting held as Working Party)	Northland Inc Limited: Extending Regional Reach	Discussion on this item was postponed due to tsunami alert. Bring item for workshop discussion at a later date.	Darryl Jones, Emmanouela Galanou, Vaughan Cooper	Complete	Item discussed at the JREDC workshop on 11 March.
30-Jul-21	Investment and Growth Reserve: Funding available for 2021/22	Future workshop discussion on how funding can be increased, including investigation to what other regions are doing in this space, i.e. loans, collaboration with banks, bonds etc.	Darryl Jones, Emmanouela Galanou	In progress	Item discussed at the JREDC workshop on 11 March. Further discussion will take place at June workshop.
30-Sep-21	Investment and Growth Reserve: Allocation of funding for Regional Economic Development Strategy	Prepare an information paper on the progress of the Economic Development Strategy to share with all council elected members twice a year.	Darryl Jones, Vaughan Cooper, Emmanouela Galanou	In progress	Following the March meeting, the committee would like to receive an information paper so to circulate with their councils.
11-Mar-22	Annual Work Plan 2022/23	Notify Northland Inc administration of the 2022/23 JREDC Meeting and quarterly workshop with Northland Inc dates.	Emmanouela Galanou	Complete	Email sent to Wendy Macilree
11-Mar-22	Northland Inc Limited Directors: Remuneration review	A draft paper to be circulated to elected members for feedback prior to April's JREDC meeting.	Darryl Jones	Complete	
11-Mar-22	Government's reform programme	Schedule an update on this item again in the 2022/2023 annual work plan.	Emmanouela Galanou, Justin Blaikie	Complete	
11-Mar-22	Economic Development Strategy	Northland Inc to meet with KDC, FNDC and NRC councils to provide update on the strategy in May/June 2022.	Northland Inc	In progress	
11-Mar-22	Northland Inc Limited Reporting against SOI 2021-24 Second Quarter 2021/22	Northland Inc to correct error under "Total Vehicles" on the financial report.	Northland Inc	Complete	

TITLE: Northland Inc Limited Statement of Intent: Shareholder comment on draft SOI 2022-2025

From: Emmanouela Galanou, Economic Policy Advisor and Darryl Jones, Economist

Authorised by Group Manager/s: Auriole Ruka, Pou Manawhakahaere - GM Governance and Engagement, on 20 April 2022

Executive summary/Whakarāpopototanga

The purpose of this report is to seek approval from the Joint Regional Economic Development Committee (Joint Committee) on the shareholder comment to Northland Inc Limited's (Northland Inc) draft Statement of Intent 2022-2025. It is recommended that the Joint Committee delegates responsibility to the Chair to provide the shareholder comment back to Northland Inc on its draft SOI, in line with the comments suggested in this report.

Recommendation(s)

1. That the report 'Northland Inc Limited Statement of Intent: Shareholder comment on draft SOI 2022-2025' by Emmanouela Galanou, Economic Policy Advisor and Darryl Jones, Economist and dated 6 April 2022, be received.
2. That the shareholder comment on the draft Statement of Intent 2022-2025 as set out in **Attachment 1** be provided to Northland Inc Limited.
3. That the Chair be delegated authority to make minor amendments to the shareholder comment on Northland Inc Limited's Statement of Intent 2022-2025 in line with comments received on this report and provide the shareholder comment back to Northland Inc Limited by 30 April 2022.

Options

No.	Option	Advantages	Disadvantages
1	Provide a shareholder comment to Northland Inc on their draft SOI	The Joint Committee clearly convey its thoughts to its council-control organisation.	None.
2	Don't provide a shareholder comment	None.	An opportunity for the Joint Committee to provide its final input and direction to its council-controlled organisation is missed.

The staff's recommended option is Option 1. In order to meet the legislative requirements, it is recommended that the Chair be delegated authority to make minor amendments to the shareholder comment to Northland Inc on its draft SOI 2022-2025 in line with comments received on this report and provide the shareholder comment to Northland Inc by 30 April 2022.

Considerations

1. Environmental Impact

This decision does not have any environmental risks or negative impacts.

2. Community views

There are no community views on this matter that need to be considered.

3. Māori impact statement

Although there are issues associated with the importance of Māori economic development in Northland Inc's core work and therefore SOI, there are no Māori views on the preparation of the shareholder comment that need to be considered.

4. Financial implications

The shareholder comment to Northland Inc's draft SOI 2022-2025 highlights the limited funding that is currently available in the Investment and Growth Reserve (IGR), which could affect Northland Inc's further operational funding increases. The shareholder comment incorporates the Joint Committee's willingness to accept the increase in operational funding as proposed. Such an increase is not sustainable in the sense that funding needs to be available for Enabling Investment allocation from the IGR so that the Joint Committee can make investments into projects. The Joint Committee will work together with Northland Inc to ensure a solution to achieving this during the preparation of next year's SOI.

5. Implementation issues

There are no implementation issues. Sending a shareholder comment in April provides adequate time for Northland Inc to consider the issues raised as the final SOI is prepared for delivery by 30 June.

6. Significance and engagement

This matter does not trigger Northland Regional Council's Significance and Engagement Policy.

7. Policy, risk management and legislative compliance

Schedule 8(2) of the LGA 2002 requires the Board of a council-controlled organisation to deliver to its shareholders a draft statement of intent on or before 1 March each year. According to Schedule 8(3), the Joint Committee has until 1 May 2022 to provide shareholder comment back to Northland Inc on the draft SOI. The Board of Northland Inc must deliver a completed SOI back to the Joint Committee by 30 June 2022.

Background/Tuhinga

According to Schedule 8 from the Local Government Act 2002, CCOs such as Northland Inc are required to provide a Statement of Intent to council or appointed joint committees on an annual basis, outlining their strategic approach and priorities for the next three years. A shareholder comment provides the owners of a CCO the opportunity to give final direction to a CCO as it finalises the SOI.

As agreed to by the Joint Committee at their meeting on 11 March 2022, an initial draft shareholder comment was circulated to the Joint Committee for their review. Comments provided by the Joint Committee have been incorporated to the draft shareholder comment to Northland Inc on their SOI 2022-2025 as set out in **Attachment 1**. The figure below illustrates the process that is used by the Joint Committee to provide directions to Northland Inc in shaping their SOI 2022-2025.



Staff recommend that the Chair be delegated authority to make minor amendments to the shareholder comment to Northland Inc on its SOI 2022-2025 in line with comments received on this report and provide the shareholder comment to Northland Inc by 30 April 2022.

Attachments/Ngā tapirihanga

Attachment 1: Shareholder Comment to Northland Inc Limited on SOI 2022-2025 [↓](#) 



5 April 2022

Nicole Anderson and Vaughan Cooper
Chair and Acting Chief Executive Officer
Northland Inc. Limited
PO Box 1762
Whangārei 0140

Sent by email: nicole@andersoninc.nz and vaughan.cooper@northlandnz.com

Dear Nicole and Vaughan

**NORTHLAND INC. LTD STATEMENT OF INTENT 2022-2025 –
SHAREHOLDER COMMENT ON DRAFT SOI**

1. The purpose of this letter is, as the Joint Regional Economic Development Committee (Joint Committee) and therefore representing the shareholders of Northland Inc, to provide you with comments on the draft Statement of Intent (SOI) for the three-year period 2022 – 2025 in accordance with Schedule 8 Clause 2 of the Local Government Act 2002.
2. Thank you for providing the draft SOI 2022-2025 within the time requirement set out in Schedule 8 Clause 1(2). Council acknowledges the effort of this work and appreciates the discussion that was held during the quarterly Joint Committee/ Northland Inc workshop on 11 March 2022.
3. Our feedback is arranged in two areas: general comments on the draft SOI including financial information and other matters.

General comments

4. The Joint Committee appreciate that Northland Inc have drafted the SOI with our letter of expectations dated 14 December 2021 in mind and realise that minimum changes have been made to the new SOI following the significant revision that was undertaken the previous year but also given the current challenges (CEO resignation, COVID-19, inflationary situation).
5. As noted in the workshop discussion, while work has been done to improve the editing of the SOI, a final revision is necessary to ensure consistency of language and readability.
6. The Joint Committee appreciates Northland Inc's view that modifying the doughnut economic model may occur as part of the upcoming work and research on the regional economic development strategy and that it would be best to wait for the outcome of this process. However, the Joint Committee would like to take this opportunity to reemphasise the principal of



0800 002 004



www.nrc.govt.nz



info@nrc.govt.nz

Private Bag 9021, Whangārei 0148

TITLE: Northland Inc Limited Directors: Review of Remuneration
From: Darryl Jones, Economist and Emmanouela Galanou, Economic Policy Advisor
Authorised by Auriole Ruka, Pou Manawhakahaere - GM Governance and Engagement, on
Group Manager/s: 20 April 2022

Executive summary/Whakarāpopototanga

At its meeting on 30 September 2021, the Joint Regional Economic Development Committee (JREDC) approved a review of the remuneration paid to the directors of Northland Inc Limited (Northland Inc). The current levels of remuneration, approved by NRC nearly four years ago on 21 June 2018, are \$18,000 per year for a director and \$27,000 per year for the Chair.

The purpose of this report is to seek agreement to raise both these remuneration rates by 15% effective from 1 July 2022. This increase is based on a variety of factors including the 2021 annual review of directors' fees by The Institute of Directors New Zealand, the increase in inflation over the past four years, and an assessment of director fees paid to other similar economic development agencies. An increase is also considered appropriate given Northland Inc's transition to a jointly owned council-controlled organisation, which brings with it higher expectations from the regional community towards the services delivered by Northland Inc.

An increase in the remuneration rates by 15%, and with six directors in place of the 2022/23 financial year, this equates to a \$17,550 increase in total director fees. In their draft SOI 2022-2025 Northland Inc have requested a \$187,000 increase in operation funding for 2022/23 over what is forecast in the current SOI 2021-2024. Staff recommend that the increase in director remuneration be met out of this budgeted increase in operational funding rather than providing any additional funding from the IGR.

Recommendation(s)

1. That the report 'Northland Inc Limited Directors: Review of Remuneration' by Darryl Jones, Economist and Emmanouela Galanou, Economic Policy Advisor and dated 5 April 2022, be received.
2. That the annual remuneration paid to the directors and Chair of Northland Inc increase to \$20,700 and \$31,050 respectively effective 1 July 2022.
3. That this increase in remuneration be met out of Northland Inc operational funding increase as proposed in the draft Statement of Intent 2022-2025.

Options

No.	Option	Advantages	Disadvantages
1	Approve the increase in Northland Inc's directors' remuneration by 15% and that the increase be met within the budgeted operational funding set out in the draft SOI 2022-2025.	Increases the ability to retain and recruit highly skilled directors. Maintain the limited amount of funding available for Enabling Investment.	Decreases funding that would otherwise be available for other Northland Inc operations activities.

No.	Option	Advantages	Disadvantages
2	Approve the increase in Northland Inc's directors' remuneration by 15% and that the increase be met with additional funding from IGR.	Increases the ability to retain and recruit highly skilled directors. Allows the budgeted increase in operational funding to be spent on other Northland Inc activities.	Reduces the limited amount of funding available for Enabling Investment even further.
3	Don't approve the increase in Northland Inc's directors' remuneration by 15%.	Allows the budgeted increase in operational funding to be spent on other Northland Inc activities.	Reduces the ability to retain and recruit highly skilled directors.

The staff's recommended option is Option 1, to raise the remuneration rates by 15% and that the increase in director remuneration be met out of the budgeted increase in operational funding as set out in the draft SOI 2022-2025 rather than providing any additional funding from the IGR. A 15% increase in remuneration of director rates is recommended based on an assessment of a variety of factors:

- The 2021 annual review of directors' fees by The Institute of Directors New Zealand reveals that between 2018-21 (three years) the median Non-executive director fee and the median Non-executive chair fee increased by 19% and 16% respectively based on total companies surveyed.
- The annual review also provides a breakdown of fees by type of organisation. It suggests that current Northland Inc director remuneration fees are slightly below market average rates for similar types (Not for profit) and size (revenue \$0-\$5million) organisations.
- The CPI is expected to have increase by 13% between mid-2018 and mid-2022.
- A review of director fees paid by other selected economic development agencies indicates an increase in director fees of between 17%-19% over the past 3-4 years.

Considerations

1. Environmental Impact

There are no environmental risks or negative impacts associated with this decision.

2. Community views

There are no community views on this issue that need to be considered.

3. Māori impact statement

There is no need for Māori views to be considered in relation to this matter.

4. Financial implications

The payment of Northland Inc directors' remuneration is made from the operational funding allocation provided from the Investment and Growth Reserve (IGR). When the directors' fees

were last raised in 2018 the level of operational funding provided to Northland Inc from the IGR was increased to cover the increase in remuneration.

In their draft Statement of Intent for 2022-2025 Northland Inc have asked for a significant increase in their operation funding allocation. The budgeted increase requires that the combined total annual quantum of funding provided into the IGR from the three shareholder councils be provided to Northland Inc for operational funding except for \$300,000 set aside for Project Development funding allocation. The result is that the only funding available for Enabling Investment allocation is the closing balance at the end of the current 2021/22 financial year. The 2021/22 closing balance is currently forecast at around \$60k.

The total value of the 15% increase in director remuneration is \$17,550 per annum based on the current number of six directors. There are two options to cover this increase. As in 2018, an additional top-up of Northland Inc's operation funding equivalent to the increase in director remuneration be provided from the IGR. There is likely to be enough funding in the IGR to do this. However, such a top-up reduces the limited amount of funding that the Joint Committee has available to invest into projects through the Enabling Investment category of the IGR.

An alternative option is to ask Northland Inc to fund the increase in director remuneration from the budgeted operational funding levels requested in the draft SOI 2022-2025. In their draft SOI 2022-2025 Northland Inc have requested a \$187,000 (11%) increase in operation funding for 2022/23 over what is forecast for 2022/23 in the current SOI 2021-2024. The increase in director remuneration being proposed would account for 9% of this increase. Staff recommend that the increase in director remuneration be found from the increase in operational funding being requested.

It should be noted that it is possible to reduce the total cost of director remuneration by lowering the number of directors appointed. There are currently six directors of Northland Inc. The term of three directors is set to end on 30 June 2023. If the Joint Committee reduces the number of directors back to five at that time, then the increase in director fees associated with the 15% rise (\$17,550) will be fully covered by one less director fee (\$20,700).

5. Implementation issues

There are no implementation issues associated with this decision as it simply lifts the rate of remuneration for transfers that are already being made by Northland Inc.

6. Significance and engagement

This matter does not trigger council's Significance and Engagement Policy, and no public consultation is required for the Joint Committee to make the decisions detailed in this report.

7. Policy, risk management and legislative compliance

Under Section 7(d) of Northland Inc Limited Shareholders' Agreement signed on 1 July 2021, matters such as the remuneration of directors and any increase in the remuneration of such persons requires Joint Committee approval.

Attachments/Ngā tapirihanga

Nil

TITLE: Business with the Public Excluded

Whakarāpopototanga / Executive Summary

The purpose of this report is to recommend that the public be excluded from the proceedings of this meeting to consider the confidential matters detailed below for the reasons given.

Ngā mahi tūtohutia / Recommendations

1. That the public be excluded from the proceedings of this meeting to consider confidential matters.
2. That the general subject of the matters to be considered whilst the public is excluded, the reasons for passing this resolution in relation to this matter, and the specific grounds under the Local Government Official Information and Meetings Act 1987 for the passing of this resolution, are as follows:

Item No.	Item Issue	Reasons/Grounds
7.1	Investment and Growth Reserve: Project Development funding reallocation request by Northland Inc Limited	The public conduct of the proceedings would be likely to result in disclosure of information, the withholding of which is necessary to enable council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) s7(2)(i).

3. That the Independent Financial Advisors be permitted to stay during business with the public excluded.
-

Considerations

1. Options

Not applicable. This is an administrative procedure.

2. Significance and Engagement

This is a procedural matter required by law. Hence when assessed against council policy is deemed to be of low significance.

3. Policy and Legislative Compliance

The report complies with the provisions to exclude the public from the whole or any part of the proceedings of any meeting as detailed in sections 47 and 48 of the Local Government Official Information Act 1987.

4. Other Considerations

Being a purely administrative matter; Community Views, Māori Impact Statement, Financial Implications, and Implementation Issues are not applicable.